



FIN. Comm.  
12/20 ①

10:30 Scheduled  
10:50 Byr



Byr presented the Chief Risk Officer report  
[Review of Inv. Portfolio]

2-6 Gold Hammer

Maxim report replaced 4 Co report  
Strong int. in coal  
No Port sale interrupted w/ B

2-8/9/10

2-8 Intended to be responsive to Oct. mtg  
Sum note has been drastically reduced.

2-9 Stedacore

Gordon State - initial inv.; has not performed  
as well as Stedacore. On sale list for  
disposal

- Discussion of value of post-tron review  
in a period of bus contraction & real estate  
Mr. McMahon commented on the Co's  
obj. to emerge from Ch 11 w/ assets.

Respect

Integrity

Communication

Excellence

EC38749A0030495

## Mkt Risk Update

- Strong trading performance & risk mgmt. in 1st 11 mo of 2001, No major issues w/ any of books. Strong K's.

Report reflects that strong perf.

- A in credit rating had signif impact. McMahon (stated) ch 11 filing gave C/Ps opp to turn K & settle for cash. Currently assessing all numbers K's. Will need to re-establish DPR for these K's.

## Trade Credit Update

(Held out @ mtg.)

Reviewed last page, which set forth activity on cash collateral ~~active~~ inflows, outflows & net cash activity.

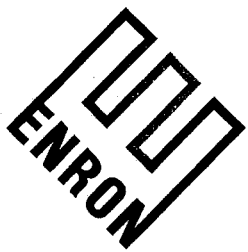
Claims trading - No new deals.

## The Report

Mr. McMahon gave the report. He reviewed the Director in Commission, noting that all pre-petition claims were stayed & post-petition claims were being pd.

Adj. 11:20

Ken ~~said~~ suggested that, due to ~~for~~ all Board members being in



10:45

(1)

Finance

- 1) Meeting - another draft circulated  
Comment to Counsel
- 2) Rick Bay - Risk Report  
Effort on merchant portfolio  
Small staff - to carry out work  
good for → went over  
Thes<sup>hold</sup> Merchant 500m

Winokur

pg 2.5 - Port .80% assets below expectation  
By just adding more assets

Blake → why

Belfer - to what extent Blackstone been involved  
in selling assets -

Nahon - some

Blackstone mainly - NETCO

Rick

2.6 > Sold Harover

Mariner mg + replaced

Winokur > Gaspart - did not close

lot of effort to

sell coal + interest  
there

Norm > General def. > Bankr. → contribute to  
Burg

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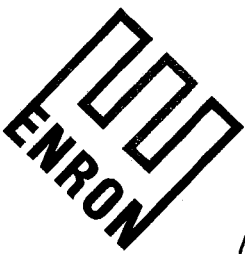
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Netco - limited to  
US gas + power

(2)



Cash Burn rate EES - asked for at prior meeting  
~~Ask for new~~

2.8

2.9

Conclusion

Pug to draw 2

Did post transaction Stadocon  
review of mg or Paper assets  
Valuating for Sale?

Gardner State not performed as we are  
now into BRPs of + now def on sale list

Beyer - 02 - burn rate has been reduced - Yes

<sup>Buy</sup>  
Audit Committee - said not content in post transaction  
reviews - Blake for those we're selling it would  
be helpful - but otherwise -

Paulo > always want info > but as striking >  
why should we put effort into post transaction

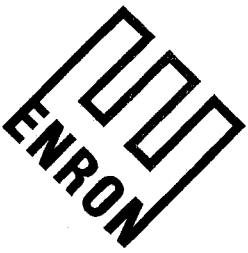
Blake  
Fiduciary respo - to sell assets - almost auction &  
if retention of business provides better value then selling  
so post analysis helps Board

Paulo > Do we have choice  
Mc Mahon - Co allowed to reorg its business  
to recapitalize > but some + remain in others  
- All decision subj approval Creditors Comm + eventing  
Azurix - not in bankruptcy so we can act on that  
somewhat ind. selling wessex

KU - Electro something we want to sell - recently  
met w/ Brazilian officials -  
\$1-1.5 billion range

EC38749A0030498

Let's not make work projects when have limited  
Respect Integrity Communication Excellence  
Continue DASH + further opinion to analysis



(3)

Market Risk > Pretty bare bones - little actualities  
Europe & SA shut down  
2/6 Do have essential in place to maintain control

Winokur - only other issue →

11 1/2 months had good year +  
risk system worked fine

No major issues whatsoever w/ any of trading books  
+ have had everyone look at it banks, lawyers etc.  
When go below investment grade

Structure held together well why not in selling  
allowed others to

McMahon - Terminate contracts but not all →

Still must be determined -

Will eventually need report to  
~~Ames~~

Buy - understanding NETCO takes no positions w/ it  
Clean state -

Trade Credits → Hardout → Cash Position  
would that get unwound - not impacted

Winokur - How get cash back? settle

Cash out door -

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(4)

Winokur - Deal approval book

Claims trading → we are not doing any new ones

Belfer - ~~No one will give~~ Strictly in sell mode  
only small inv. if think it'll assist in process

Finance > Report >

McMahon - Discussed what to rene

pg 4 → trust to org. by division - filed - Bankruptcy Chapter 4  
25 companies have filed - all key opr

(w/ exception of PL themselves)

→ all pre pet liabilities have been stayed by court

adjoin →  
Renhay → 1<sup>ST</sup> presentation

11.20

→ agenda item 3 - never received

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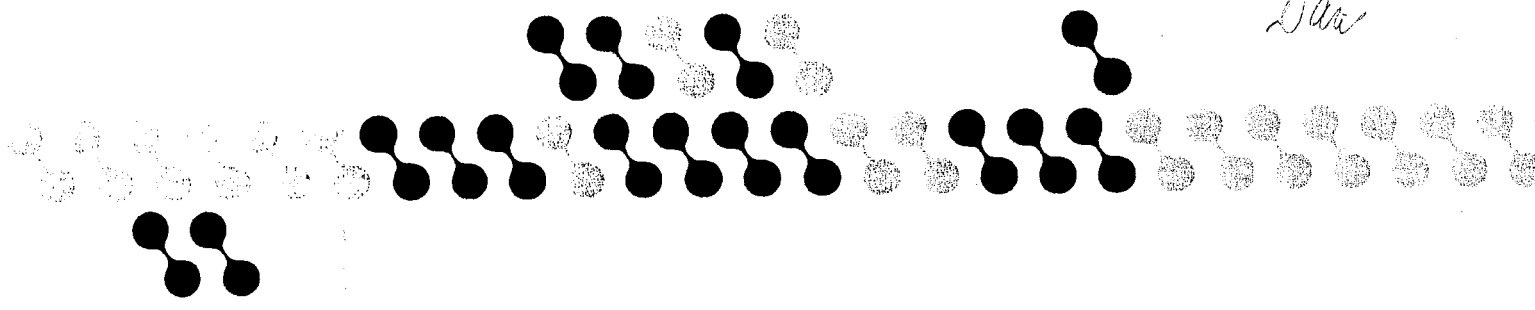
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*Handwritten:*  
Linda  
Daw



# Finance Committee Meeting

December 20, 2001

## | Committee Members |

Mr. Herbert S. Winokur, Jr., Chairman  
Mr. Robert A. Belfer  
Mr. Norman P. Blake, Jr.  
Mr. Ronnie C. Chan  
Mr. Paulo V. Ferraz Pereira  
Mr. Frank Savage

| CONFIDENTIAL |

EC38749A0030220

Endless possibilities.™



**Agenda**

**EC38749A0030221**



Herbert S. Winokur, Jr., Chairman  
Robert A. Belfer  
Norman P. Blake, Jr.  
Ronnie C. Chan  
Paulo V. Ferraz Pereira  
Frank Savage

## **AGENDA**

### **Meeting of the Finance Committee of the Board of Directors of Enron Corp.**

**10:30 a.m. (CDT), December 20, 2001  
50<sup>th</sup> Floor Boardroom, Enron Building  
Houston, Texas**

		Page
1. Consider for approval the minutes of the previous meeting of the Finance Committee	<b>Mr. Winokur</b>	1-1
2. Chief Risk Officer Report	<b>Mr. Buy</b>	2-1
<b>Quarterly Risk Update</b>		
- Investment Portfolio		2-2
- Market Risk Update		2-16
- Trade Credit Update		2-23
3. Finance Report	<b>Messrs. McMahon and Bowen</b>	3-1
4. Other Business		4-1
5. Adjourn		5-1



*See Addendum for Deal Approval Sheets approved between Board meetings*

**EC38749A0030222**

**EC38749A0030223**

**Agenda Item1**

***REVISED***

**AGENDA ITEM 1**

FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
ENRON CORP.  
December 20, 2001

Minutes to be considered for approval:

October 8, 2001

**EC38749A0030224**

**MINUTES**  
**MEETING OF THE FINANCE COMMITTEE**  
**OF THE BOARD OF DIRECTORS**  
**ENRON CORP.**  
**October 8, 2001**

Minutes of a meeting of the Finance Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 4:30 p.m., C.D.T., at the Enron Building in Houston, Texas.

All of the Committee members were present, as follows:

Mr. Herbert S. Winokur, Jr., Chairman  
Mr. Robert A. Belfer  
Mr. Norman P. Blake, Jr.  
Mr. Ronnie C. Chan  
Mr. Paulo V. Ferraz Pereira  
Mr. Frank Savage

Directors John H. Duncan, Kenneth L. Lay, and Charles A. LeMaistre, Messrs. William S. Bradford, Richard B. Buy, Richard A. Causey, Timothy A. DeSpain, Andrew S. Fastow, Mark A. Frevert, Ben L. Glisan, David B. Gorte, Mark E. Koenig, David R. Port, and L. Greg Whalley, and Ms. Paula H. Rieker, all of the Company or affiliates thereof, also attended the meeting. Mr. Richard N. Foster, of McKinsey & Company, Inc., joined the meeting in progress as noted below.

The Chairman, Mr. Winokur, presided at the meeting, and the Secretary, Ms. Rieker, recorded the proceedings.

Mr. Winokur called the meeting to order, noted that a draft of the minutes of the meeting of the Committee held on August 13, 2001 had been distributed to the Committee members, and called for any corrections or additions. There being none, upon motion duly made by Mr. Blake, seconded by Mr. Chan, and carried, the minutes of the meeting of the Committee held on August 13, 2001 were approved as distributed.

Mr. Foster joined the meeting.

Mr. Winokur called upon Mr. Fastow to present the Chief Financial Officer's report, a copy of which is filed with the records of the meeting. Mr. Fastow summarized recent activity for total return swaps and stock repurchases

**EC38749A0030225**

and reviewed the Company's total interest rate exposure, including the mix between fixed and floating interest rates. He then reviewed the financial liquidity of the Company, noting that the liquidity risk ratio of the Company as of September 26, 2001 was significantly above the minimum ratio required by the Board and that the ratio had decreased since that date but still remained well above Board limits. He indicated that the ratio still resulted in adequate liquidity coverage when tested for very negative market events. Mr. Winokur emphasized the importance of adequate liquidity and suggested continued analysis and scenario testing. Mr. Fastow then discussed other asset monetizations, including certain transactions with similar characteristics to debt financing, and noted the importance of maintaining valuations for the assets at least equal to the monetization values. He also summarized the asset divestiture plan of the Company, which, upon completion at the end of 2002, was expected to yield \$4.7 billion of debt reduction and to have a minimal impact on the earnings of the Company.

Mr. Winokur called upon Mr. Glisan to report on certain restructuring initiatives. Mr. Glisan provided an update on the Dabhol power plant in India. A discussion ensued regarding the status of the resolution of disputes related to the plant. He also described the economics of a structure named Raptor and reported on the recent termination of Raptor and associated financial impacts to the Company, including a \$1,000,000,000 reduction to shareholder equity and an approximate \$800,000,000 reduction to expected third quarter 2001 earnings. He attributed the earnings reduction to a lack of credit capacity of Raptor to absorb losses associated with the Company's investment in The New Power Company. He then answered questions regarding the associated economics and accounting. He also provided an update on the Whitewing structure, indicating that the structure included \$2.4 billion of assets and that bonds related to the structure would require funding in September of 2002. He then commented on the structure related to the Company's ownership of Azurix Corp.

Mr. Winokur called upon Mr. Glisan to present the Treasurer's Report, a copy of which is filed with the records of the meeting. Mr. Glisan reviewed the Company's active letters of credit and discussed the increased levels since year-end. He presented the Company's guarantee portfolio as of August 31, 2001 and noted an increase in the total guarantees since year-end. He then presented the liquidity forecast, commenting on the sources and uses of funds expected by year-end, the Company's funding activity following the terrorist events on September 11, 2001, financings expected during the remainder of the year, and the generally difficult environment in the capital markets. He presented the Company's key financial ratios, noting that the Company was on target to meet the year-end goals. He then discussed the Company's ratings by the rating agencies, commenting on the stable outlook for the Company at each of the agencies. He further

commented that a negative watch was the likely worst ratings outcome for the Company if general economic funds deteriorated further. He provided an update on the cash impact of the Company's working capital, investing activities, and asset sales initiatives. He reviewed the overall cost of capital to the Company and provided an update on current costs of new financings for Enron and other peer energy companies. Mr. Winokur emphasized the importance of diligently executing the form of financings demanded in the current marketplace.

Messrs. Frevert, LeMaistre, Savage, and Whalley left the meeting.

Mr. Winokur called upon Mr. Buy to present the Chief Risk Officer's report, a copy of which is filed with the records of the meeting. Mr. Buy reviewed the respective roles of the Audit and Compliance Committee and the Finance Committee in monitoring the Risk Management Policy ("Policy") of the Company and in reviewing transactions previously approved. He reported on the implementation of the new Policy and related reporting. He also provided an update on the trade credit portfolio of the Company, noting that there were no significant changes from the prior report dated June 30, 2001. He indicated that the level of credit exposure related to the Company's largest counterparty continued as an area of concern. He then reported on the collateral activity of the Company, indicating that the level of collateral provided to counterparties had reduced from prior levels due to lower commodity prices and that collateral activity in the third quarter had resulted in net cash inflows to the Company.

Mr. Savage joined the meeting.

Mr. Koenig indicated that the deposits had recently become the single largest item in the Company's cash flow statement and that investors expected the Company to achieve strong cash flow from operations, excluding the deposit activity. Mr. Buy then commented on receivables owed to the Company by Pacific Gas & Electric and on the expected impact to the Company's retail credit portfolio of recent economic trends.

Mr. Winokur called upon Mr. Buy to review the Market Risk Update for the Company, a copy of which is filed with the records of the meeting. He reported on the Company's potential capital expenditures relating to transactions currently under review, indicating total potential outflows of cash of approximately \$2.5 billion and a probability adjusted level of \$877 million of outflows. He reported that these potential outflows should be significantly offset by cash inflows, resulting in \$1.5 billion of net outflows and \$350 million of outflows on a probability adjusted basis. Mr. Winokur requested a routine update to the information, sorted by the level of risk associated with the proposed expenditures. Mr. Buy then reviewed a risk profile report, indicating that the

report format followed the Policy framework and reflected the Company's risk management approach. He reviewed summaries of profit and loss and average Value-at-Risk ("VAR") of the Company's wholesale businesses by both market concentration and major business units. He discussed returns on average VAR by commodity group by both market concentration and major business units. A discussion ensued on the returns experienced by different units, reasonable return expectations in the current environment, and management's assessment of certain business units. Mr. Buy also reviewed the backtesting performed on the aggregate VAR of the Company, a quarterly comparison of the utilization of the VAR limits, and analyses of various scenarios and related potential losses, which fell within acceptable ranges.

A discussion ensued regarding certain new markets entered by the Company and the respective competitive advantages of the Company and acceptable risk management approaches in the new markets.

Mr. Buy then reviewed a liquidity risk ratio analysis, indicating it represented the amount of cash available or committed to the Company relative to the future cash requirements of the Company's trading portfolio. He also discussed the Company's foreign exchange exposure related to Brazilian currency, citing an increase in the cumulative translation adjustment balances of the Company. He then reviewed implementation of procedures to perform on-going reviews of transactions. He also recommended amendments to the Policy, noting that no changes to the aggregate VAR limits were being requested. Following a discussion, upon motion duly made by Mr. Blake, seconded by Mr. Ferraz Pereira, and carried, the proposed amendments to the Policy were approved for recommendation to the Board.

Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Duncan, and carried, the Committee approved the deferral of the discussion of Project Southwood to the Board meeting.

There being no further business to come before the Committee, the meeting was adjourned at 6:20 p.m. C.D.T.

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Secretary

APPROVED:

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Chairman

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**AGENDA ITEM 1**

**FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
ENRON CORP.  
December 20, 2001**

Minutes to be considered for approval:

NONE

Minutes circulating for comments and not yet ready for approval:

October 8, 2001

**EC38749A0030229**



**EC38749A0030230**

**Agenda Item 2**

# **Enron Corp.**

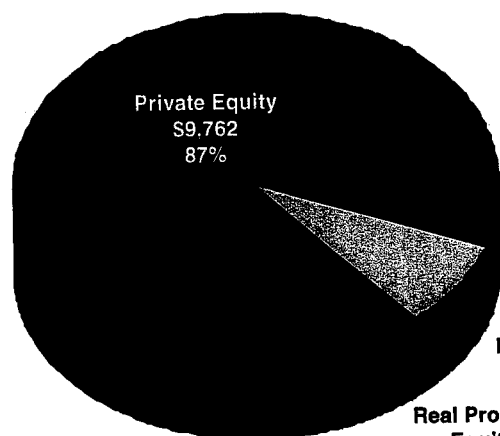
## **Chief Risk Officer Report December 20, 2001**

# **Investment Portfolio**

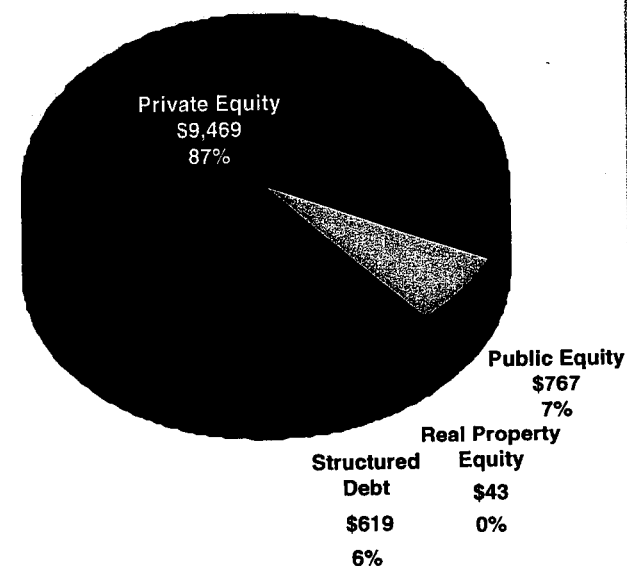
# Investment Portfolio Summary \*

In \$MM's

**6/30/01**  
**Net Portfolio Carry Value \$11,319**



**9/30/01**  
**Net Portfolio Carry Value \$10,898**



## Q3 2001 Activity

Net Portfolio Carry Value 6/30/01	Net Additions	Net Disposals	Syndications	Change in Valuation	Net Portfolio Carry Value 9/30/01
\$11,319	\$202	(\$328)	\$119	(\$414)	\$10,898

\* Investment Portfolio at 6/30/01 and 9/30/01 includes Azurix assets. Investment Portfolio excludes EES, Dark Fiber Assets, Enron Wind Corp, Enron Transportation Services, Bridgeline, TNPC, etc.

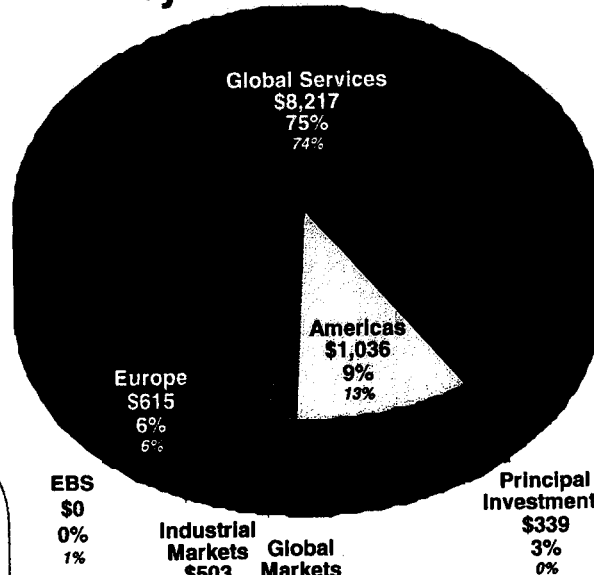
# Summary of Investment Portfolio

as of September 30, 2001

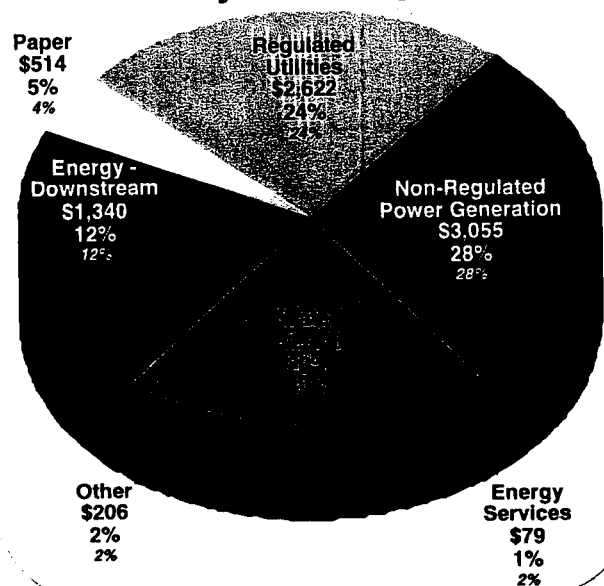
In \$MM's

Net Portfolio Carry Value \$10,898

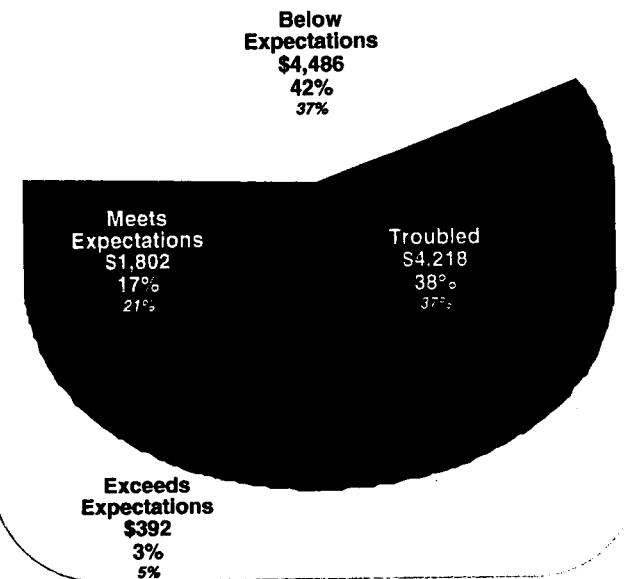
## by Business Unit



## by Industry



## by Performance Category



Numbers in italics represent comparable amounts at June 30, 2001.

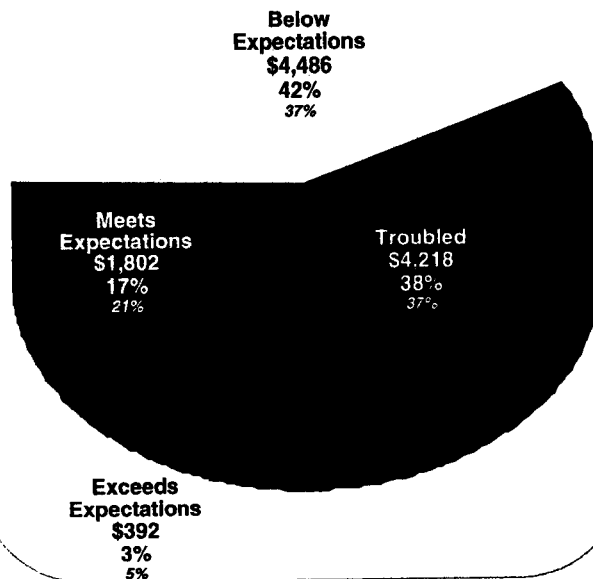
# Portfolio Summary

as of September 30, 2001

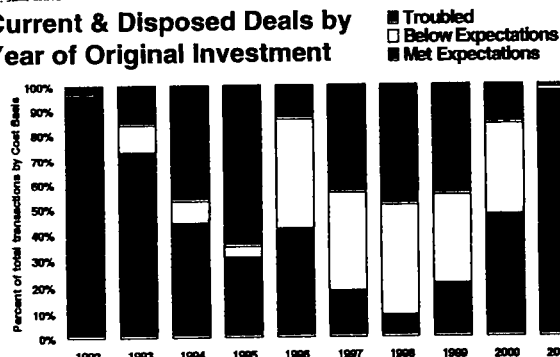
In \$MM's

Net Portfolio Carry Value \$10,898

## by Performance Category



## Current & Disposed Deals by Year of Original Investment



## Exceeds Expectations

## Carry Value

Vengas	151
EcoElectrica Equity	120

## Meets Expectations

Transportadora De Gas Del Sur	448
Compagnie Papiers Stadacona	404
El Paso (East Coast Power Proceeds)	285
American Coal Company	111

## Below Expectations

Wessex Water	1,851
Mariner*	517
Sarlux	354
SK - Enron	296
CEG/CEG RIO	271
Trakya	220
Gaspart	195
Promigas	165
Azurix North America	128

## Troubled

Elektro	2,017
Dabhol	872
Cuiaba	549
Azurix Buenos Aires	165
Transredes	147
Smith/Enron Cogeneration	112
Bahia Las Minas	104

Numbers in italics represent comparable amounts at June 30, 2001.

2-5

\*Material write down is expected in Q4 2001.

EC38749A0030235

# Portfolio Performance

Top 10 and Bottom 10 Investments  
as of September 30, 2001

## Top 10 Investments

	Net Carry Value
	In \$MM's
Transportadora De Gas Del Sur	448
El Paso (East Coast Power Proceeds)	285
Vengas	151
EcoElectrica	139
American Coal Company	111
Batangas	52
Hanover	16
HORNBECK-LEE VAC Marine	10
Active Power	2
Las Vegas Cogen I and II	0

## Bottom 10 Investments

	Net Carry Value
	In \$MM's
Elektro	2,017
Wessex Water	1,851
Dabhol	872
Cuiaba	549
Mariner	517
Gaspart	195
Azurix Buenos Aires	165
Transredes	147
Bahia Las Minas	104
Cypress Exploration	22

## Major Events

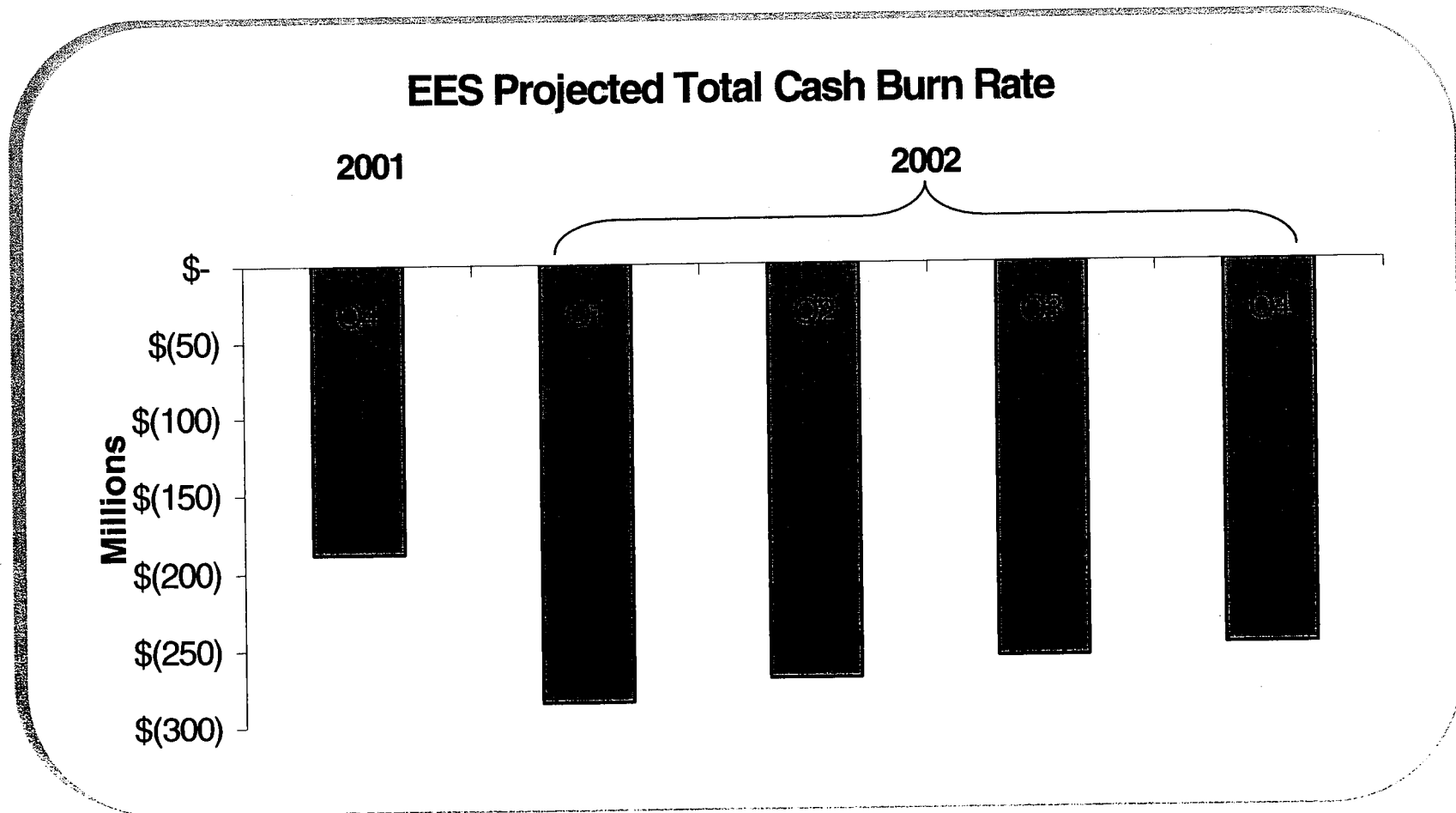
<b>El Paso (East Coast Power Proceeds)</b>	Problems with the monetization of the swaps have led to arbitration.
<b>EcoElectrica</b>	Sale expected to close in Q4 2001.
<b>American Coal Company</b>	During Q4 2001, all debt was paid in full. The coal purchase agreement remains.
<b>Hanover</b>	All shares were sold during Q3 and Q4 2001 through short sales.
<b>Active Power</b>	During 2001, the \$5.0MM initial investment was sold for \$22.5MM in proceeds.
<b>Las Vegas Cogen I and II</b>	Sold during Q3 2001 for proceeds of \$201.2MM with a realized gain of \$41.5MM.
<b>Mariner</b>	Ewing Bank 966 is in production. Green Canyon 516 (Deepwater) is expected to be on-line in January. Existing management was replaced by Enron personnel.
<b>Gaspart</b>	Efforts to sell have been restarted.

# RAC Underwriting & Investment Valuation

- ◆ The Enron investment valuation methodology is premised on separating the investment decision from the financing decision
- ◆ Net Present Value (“NPV”) is determined by discounting unlevered free cash flows to the investor
- ◆ The Capital Price reflects the unique risk profile of the specified asset/project and is validated with the use of:
  - ◆ Capital Asset Pricing Model --  $R_i + \beta * (R_m - R_f)$ , with additional premia, as necessary, for country risk and operating risk
  - ◆ Comparable companies (implied value based upon similar publicly-traded companies)
  - ◆ Comparable transactions (implied value based upon similar recent merger and acquisition transactions)
- ◆ The Expected NPV (“P50”) is calculated using Monte Carlo simulation with probability distributions around major variables
- ◆ A Levered IRR is determined using appropriate pricing, tenor and debt-to-capitalization assumptions for any potential asset-specific debt
- ◆ The Terminal Value is typically based on remaining contract life, EBITDA multiples or cash flows in perpetuity discounted at a Capital Price and with a Liquidity Discount appropriate for the specified asset/project



# EES – Cash Burn Rate



*Based on existing staffing levels and includes cash paid in other groups (ENW, Corp, etc.)*

# Post Transaction Review – Stadacona

## Transaction Description

Purchased from Daishowa Paper Manufacturing Co. LTD, 100% equity interest in a paper mill in Quebec City, Canada, a sawmill in Leduc, Canada, and timberlands in St. Aurelie, Maine for approximately \$389MM in March 2001.

## Issues

Changing from custom-made orders to commodity based trading has created operational issues.

## Conclusion

During short period of ownership, Stadacona has performed within expectations.

# Post Transaction Review – Stadacona

For the nine months ended 9/30/2001

In \$MM's

	Actual	Acquisition Model	Variance
<b>EBITDA</b>	<b>71.5</b>	<b>70.3</b>	<b>1.2</b>
<b>Major Variances</b>			
<b>Income:</b>			
<b>Volume/Price Decreases<sup>1</sup></b>	<b>200.3</b>	<b>210.1</b>	<b>(9.8)</b>
<b>Sawmill Volume Reductions<sup>2</sup></b>	<b>7.8</b>	<b>13.7</b>	<b>(5.9)</b>
<b>Expense:</b>			
<b>Reduced Variable Costs<sup>2,3</sup></b>	<b>(229.9)</b>	<b>(245.6)</b>	<b>15.7</b>
<b>Other</b>			<b>1.2</b>
			<b>1.2</b>

<sup>1</sup> Reduced newsprint and directory paper volume sales and sales prices.

<sup>2</sup> Model assumed sales of chips, bark, shavings and sawdust at sawmill.

<sup>3</sup> Due to lower volumes produced, variable expenses have declined, primarily in newsprint and sawmill operations.

# Post Transaction Review – Garden State Paper

## Transaction Description

Purchased from Media General, Inc. 100% of a recycled newsprint mill located outside Newark, NJ, for \$77MM and an additional capital commitment of \$15MM, in July 2000.

## Issues

- ◆ Failure to identify the extent of deferred maintenance and inability to produce “industry-standard” quality product.
- ◆ Significant capital expenditures are required to improve product quality in order to stay competitive during weak demand periods. Currently, Garden State Paper is not generating sufficient cash flow for the required capital expenditures.
- ◆ Failure to align O&M Provider’s economic interests, across changing market conditions, with Enron.

## Conclusion

Garden State Paper has not generated returns as expected, and it is not expected to be profitable without significant capital expenditures.

# Post Transaction Review – Garden State Paper

For the nine months ended 9/30/2001

In \$MM's

	Actual	Acquisition Model	Variance
<b>EBITDA</b>	(2.1)	9.6	(11.7)
<b>Major Variances</b>			
Revenue <sup>1</sup>	93.3	91.5	1.8
Production Costs <sup>2</sup>	(88.0)	(74.7)	(13.3)
Other			(0.2)
			(11.7)

<sup>1</sup> Prices and volumes of original newsprint swaps were changed in January 2001.

<sup>2</sup> Acquisition model assumed lower raw material freight cost and lower variable expenses for raw material, energy, solid disposal/utility, and other expenses.

# Post Transaction Review Candidates

as of September 30, 2001

In \$MM's

Investment	Country	Cost Basis
Elektro	Brazil	2,017
Wessex Water	UK	1,851
Dabhol	India	872
Azurix Buenos Aires	Argentina	555
Cuiaba	Brazil	549
Transportadora De Gas Del Sur	Argentina	448
Sarlux	Italy	350
SK - Enron	South Korea	296
Mariner	US	272

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# **Market Risk Update**

# **Market Risk Update**

## **Table of Contents**

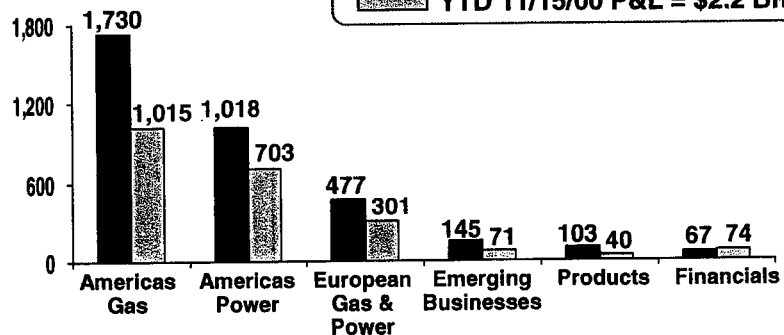
- Risk Profile
- Risk Profile by Business Unit
- Backtesting of Enron Corp. Aggregate VaR
- Utilization of VaR Limits
- Business Unit VaR Violations

# Risk Profile

## Year to Date as of November 15, 2001 and 2000

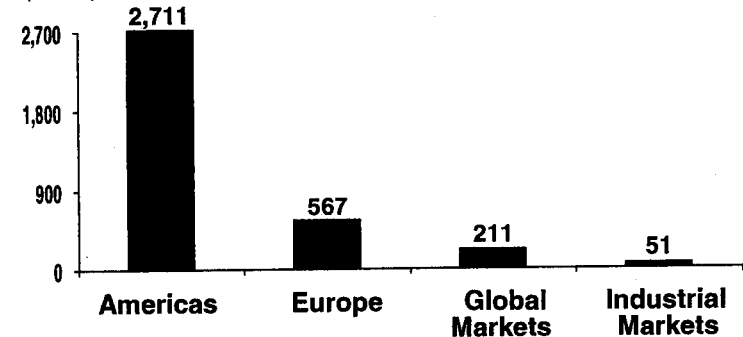
### Market Concentration<sup>(1)</sup>

#### Trading P&L (\$MM)

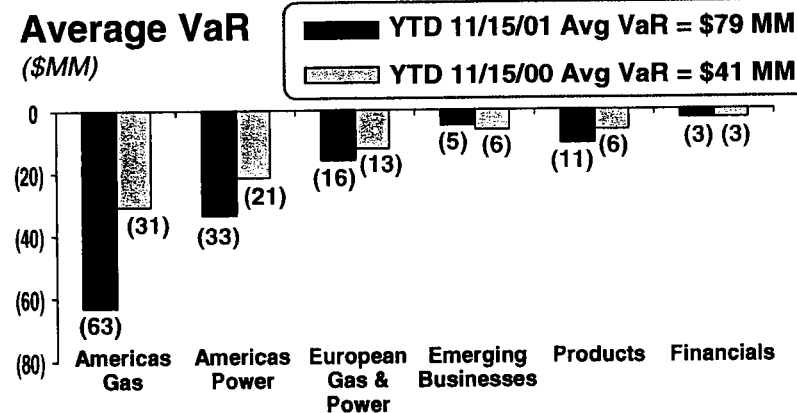


### Business Unit Comparison

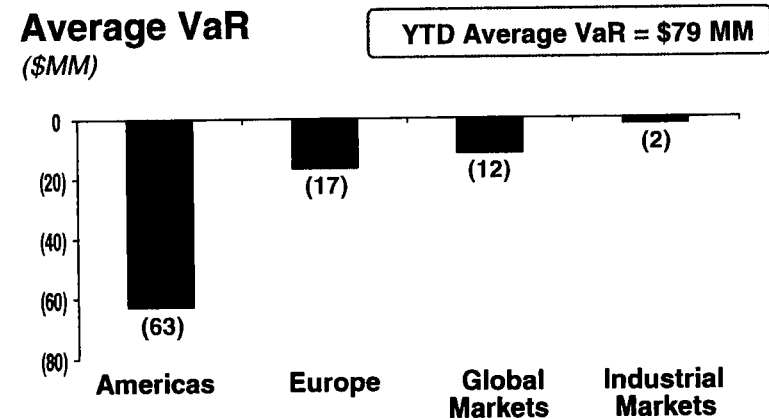
#### Trading P&L (\$MM)



#### Average VaR (\$MM)



#### Average VaR (\$MM)



#### Return on VaR – Year to Date as of November 15

	Americas Gas	Americas Power	European Gas & Power	Emerging Businesses	Products	Financials	Enron
2001	183%	205%	196%	194%	63%	165%	299%
2000	219%	218%	158%	75%	42%	189%	362%

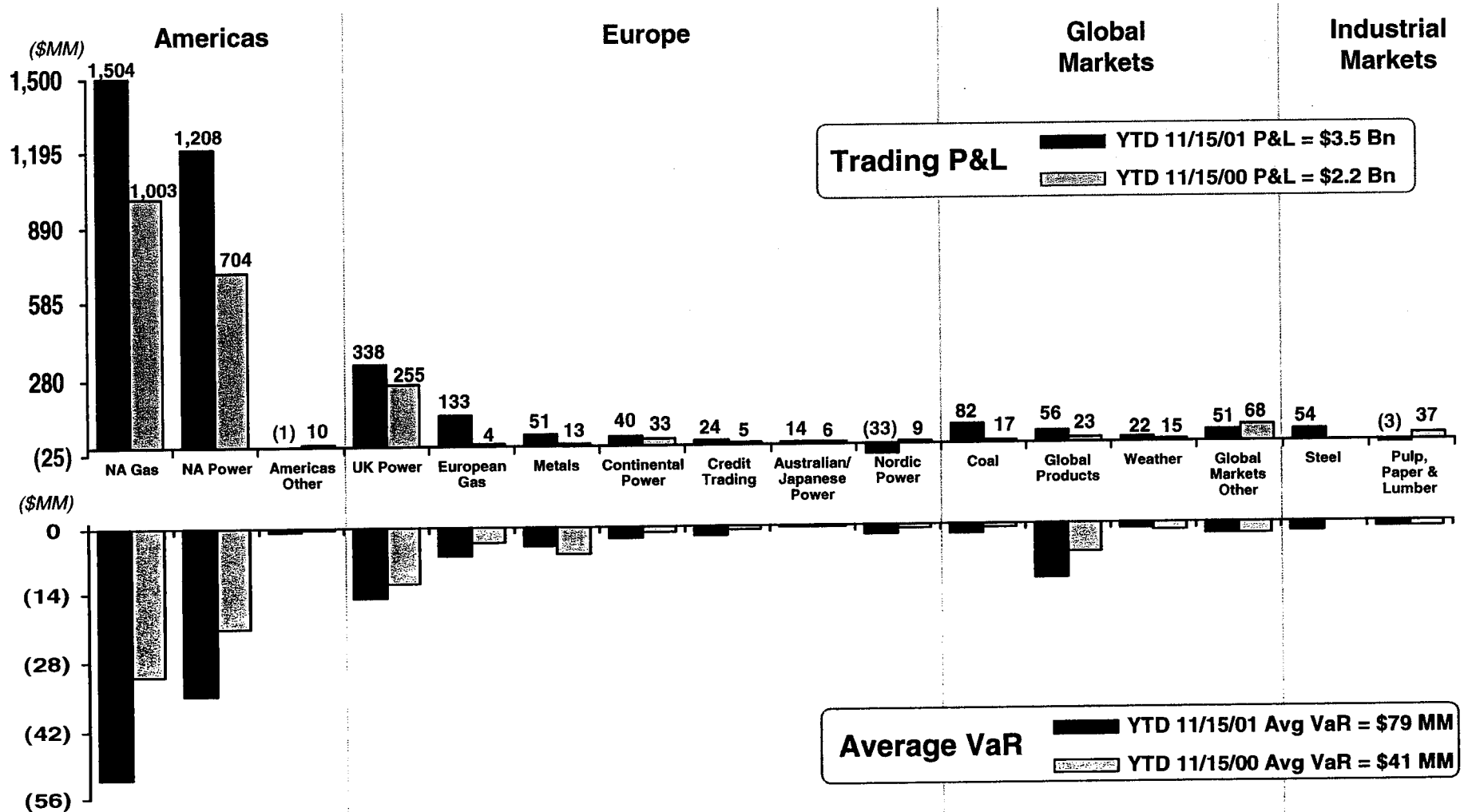
#### Return on VaR – Year to Date as of November 15

	Americas	Europe	Global Markets	Industrial Markets	Enron
2001	289%	224%	118%	142%	299%
2000	304%	155%	117%	184%	362%

(1) Commodities aggregated per Concentration Limit categories

# Risk Profile by Business Unit

Year to date as of November 15, 2001 and 2000



Return on VaR – Year to Date as of November 15

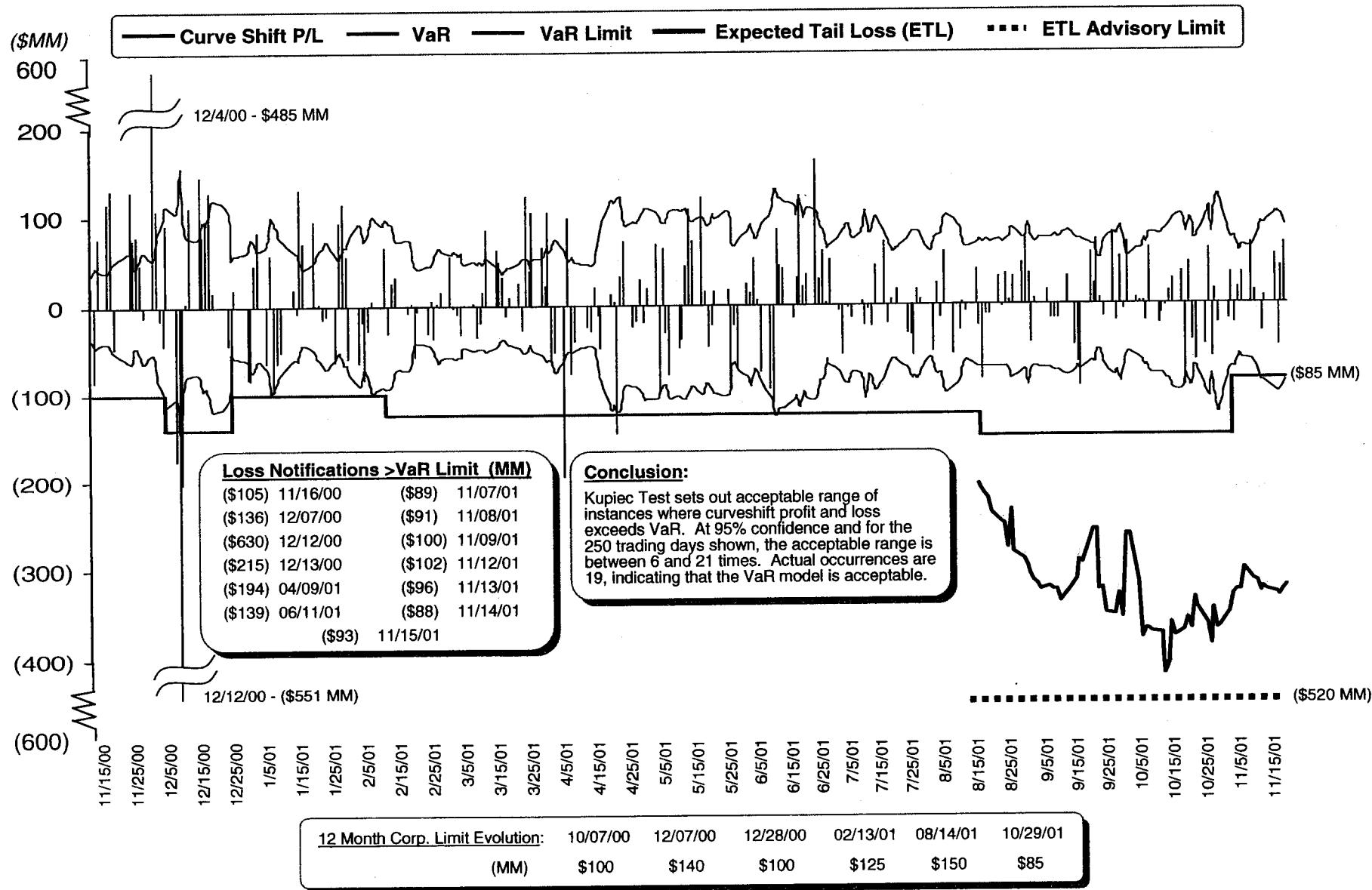
2001	193%	231%	(4%)	153%	146%	85%	115%	80%	150%	(108%)	243%	34%	115%	139%	180%	(14%)
2000	216%	218%	173%	141%	7%	27%	160%	33%	80%	54%	98%	24%	61%	184%	NA	184%

Total Enron RoVaR YTD 11/15/01 = 299%

Total Enron RoVaR YTD 11/15/00 = 362%

# Backtesting of Enron Corp. Aggregate VaR

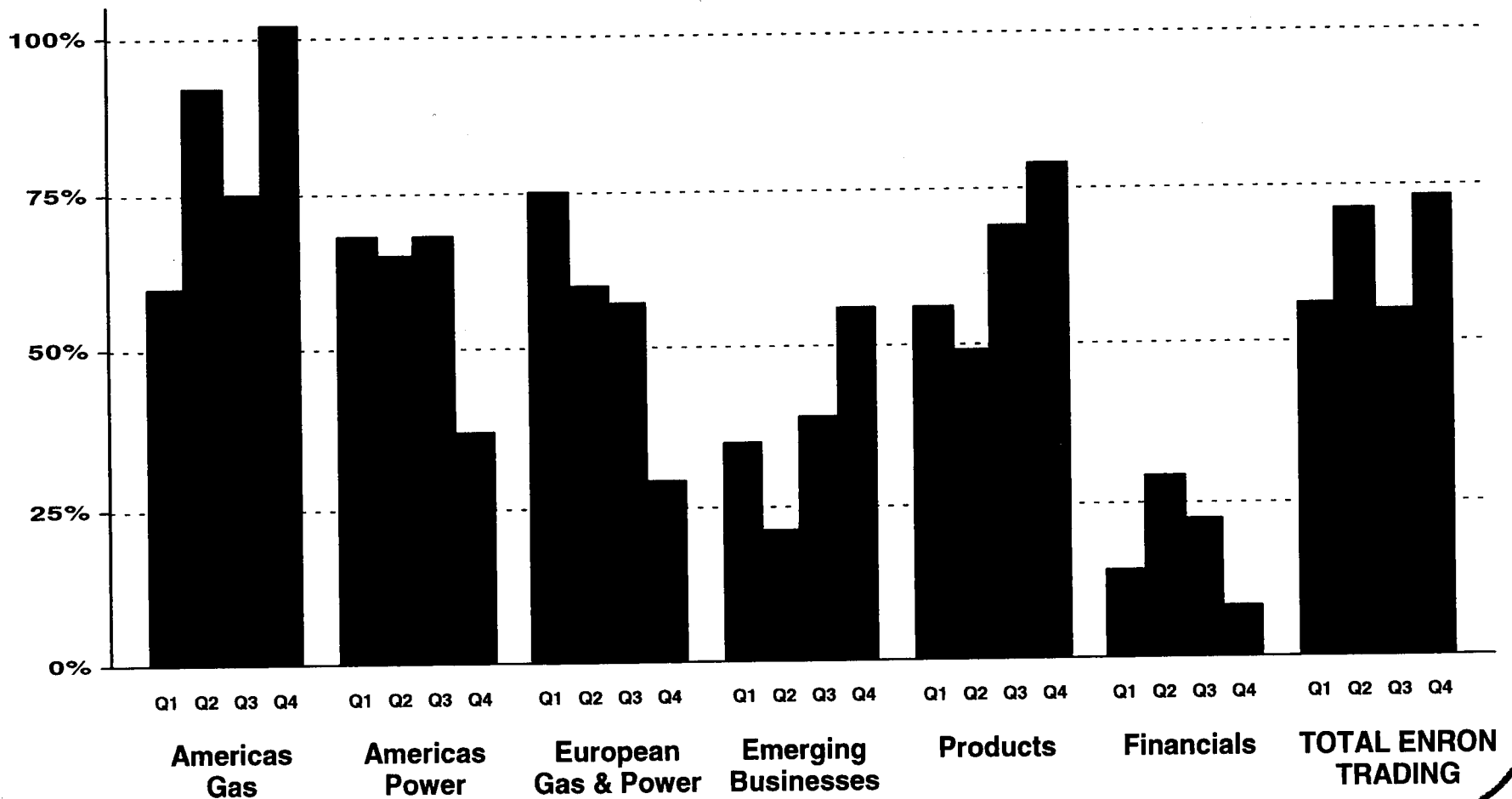
## 12 Months Ended November 15, 2001



# Utilization of VaR Limits 2001 Quarterly Comparison

Percentage  
of VaR Limit

■ Average VaR

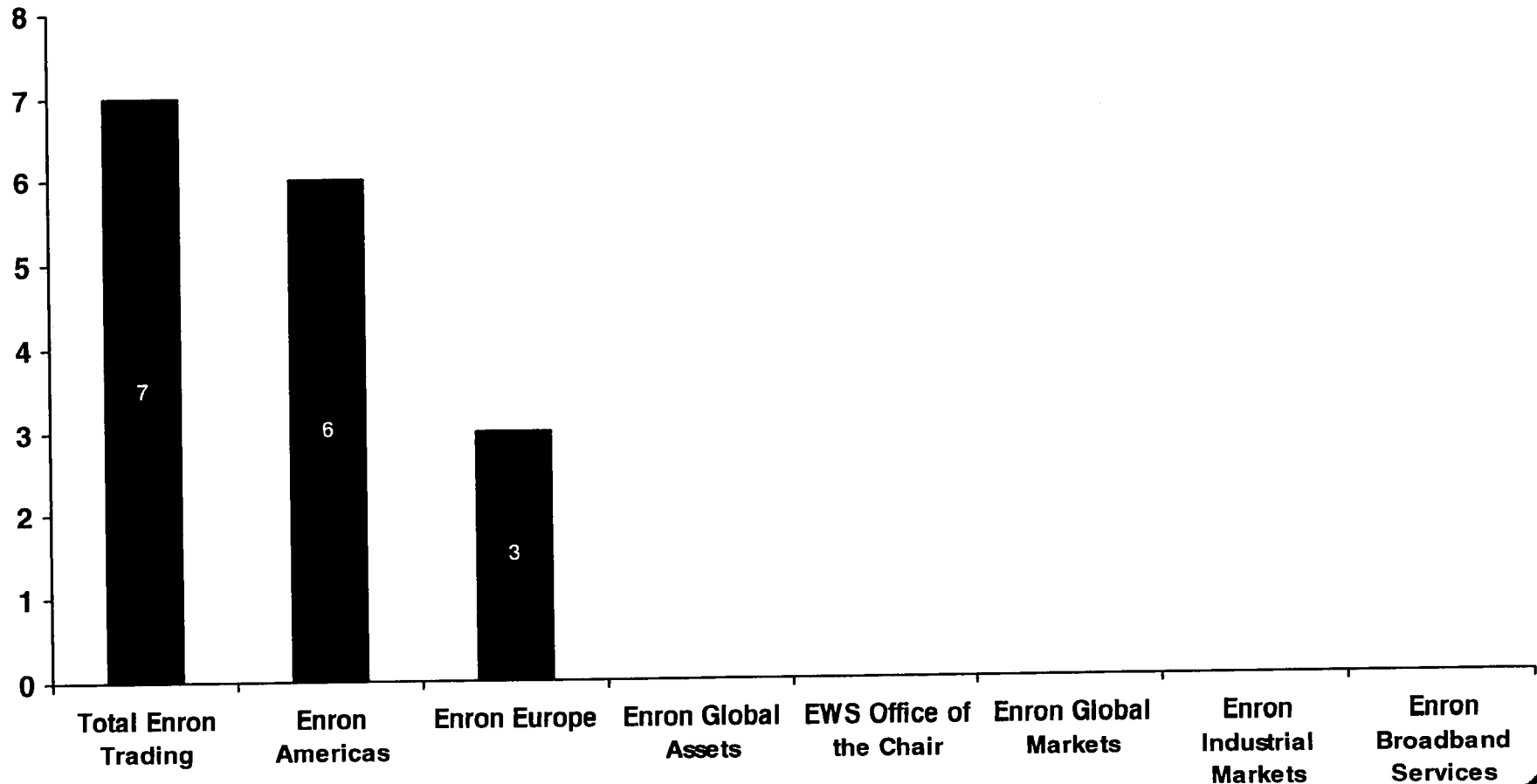


Note 1: Q4 2001 represents October 1 through November 15, 2001.

Note 2: Utilization calculations were based on Commodity Group Limits.

# Business Unit VaR Violations

August 14 to November 15, 2001<sup>(1)</sup>



*(1) Business Unit limits were first approved at the August 2001 Board Meeting.*

# **Trade Credit Update**





# ***Trade Credit Update***

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As of COB December 17, 2001

**EC38749A0030254**

# Top 25 Net Credit Exposures for 12/17/01

E-Rating	Counterparty Name (Legal Entity)	
4	TXU Europe Energy Trading Ltd.	1,520,028,000
12	Pacific Gas & Electric Company	505,000,000
2	Bonneville Power Administration	384,508,000
2	JPMorgan Chase Bank	302,957,000
4	Nevada Power Company	264,088,000
7	EOTT Energy Liquids, L.P.	203,028,000
2	Koch Petroleum Group, L.P.	181,333,000
1	United States Department of Energy	161,780,000
7	Calpine Energy Services, L.P.	157,282,000
12	Southern California Edison Company	132,598,000
4	Sierra Pacific Power Company	131,723,000
3	City of Santa Clara California, Silicon Valley Power	119,732,000
2	Pacific Bell	95,505,000
4	Petro-Canada Oil and Gas	95,142,000
3	IBM Corporation	92,455,000
2	The Peoples Gas Light & Coke Company	88,574,000
4	AEP Energy Services, Inc.	79,171,000
4	Canadian Natural Resources	78,191,000
3	Accord Energy Ltd.	76,126,000
4	United Illuminating Company	76,089,000
5	Tractebel Energy Marketing, Inc.	65,884,000
3	PowerGen UK Plc	62,320,000
4	British Energy Generation Limited	57,111,000
2	Morgan Stanley Capital Group, Inc.	55,500,000
3	Power Authority of the State of New York	50,737,000

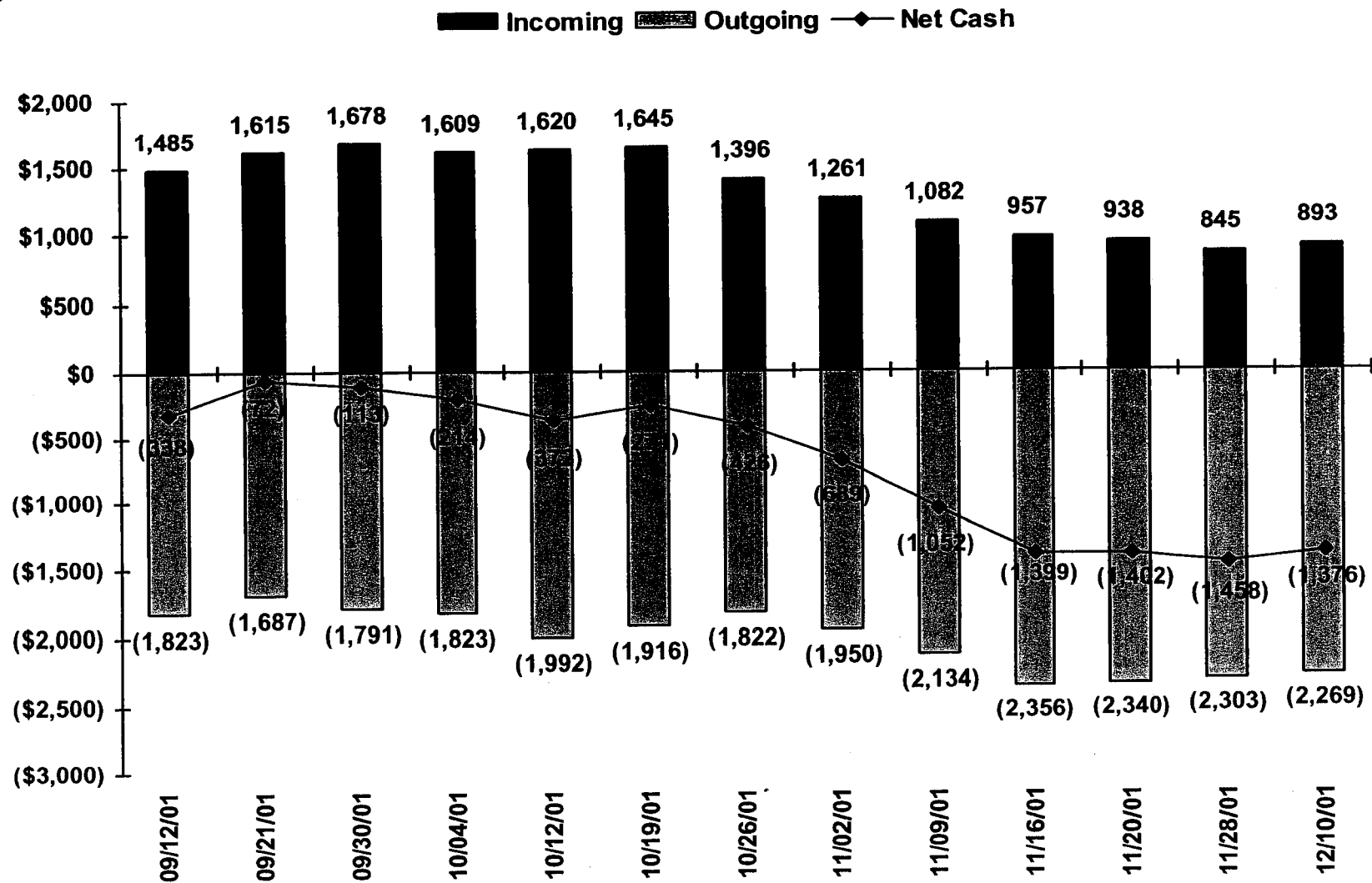
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# Enron Asset Dilution

- ◆ Total trade credit asset value as of 11/30/01 = \$11.6 Billion
- ◆ Enron asset value will be reduced by:
  - ◆ One-way termination provisions
  - ◆ Set-off provisions
  - ◆ Valuation adjustment due to bid-offer spreads
  - ◆ Collateral held

# Cash Collateral\*

In \$MM's



\*Includes OTC and NYMEX positions

EC38749A0030257

To be provided at the meeting

**EC38749A0030259**

**Agenda Item 3**

# **Finance Report**

**To be provided at the meeting**